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EEB/EPPD NANCY SMITH-NISSLER, WHA SGARRO

E.O. 12958: N/A

TAGS: AMGT BEXP ECON ELAB ETRD KSEP SENV
SUBJECT: DUE DILIGENCE ON NOMINEES FOR THE 2009 AWARD FOR
CORPORATE EXCELLENCE - MONROE COLLEGE SAINT LUCIA

REF: STATE 78538

¶1. (U) This cable provides Embassy Bridgetown's response to reftel due diligence request concerning ACE Nominee Monroe College. Answers are keyed to reftel questions. Septel will address questions regarding Discovery Works in St. Vincent.

¶2. (SBU) Request for Bridgetown: Provide background on the for-profit or non-profit status of Monroe College. Explain how this nomination qualifies as a business.

Monroe College in Saint Lucia is a branch campus of Monroe College, based in New York. Monroe College is a for-profit institution that provides educational services to American citizens and exports its educational services through study abroad programs and through its branch campus in St. Lucia. Education services represent a significant and growing percentage of the \$1.7 trillion U.S. services market, with international students contributing \$15.5 billion to the U.S. economy. Over 700,000 F,M and J visas were issued in 2008. The U.S. leads the competitive education services market, but Australia, New Zealand and Canada are growing at faster rates, partly due to the perception that visas to those countries are easier to acquire. The expansion overseas of U.S. educational institutions is thus a natural progression to capture greater market share of students interested in pursuing a higher education.

In the Eastern Caribbean there is a dearth of quality institutions offering university level education. Most students who decide to study abroad matriculate to either the U.S., Canada or the U.K. Monroe College receives a large number of Eastern Caribbean students at their New York campus, but has opened up a branch campus in St. Lucia to target those students who either cannot afford to study abroad, or who would prefer to stay closer to home for work and family reasons. This is an especially lucrative market that has been poorly served by correspondence schools, but was thirsting for a more tangible local presence. Monroe has been very successful, rapidly expanding their student base and adding an MBA program for working professionals. While many schools in the U.S. are non-profits, for-profit educational institutions are a growing segment of the higher education sector and, according to J.P. Morgan, now represent seven percent of post-secondary enrollment, comprising 2.8 million students. For-profits are challenging community colleges as a cost-effective way to improve job skills. Apollo Group (which owns the University of Phoenix), ITT and Devry are all publicly traded companies that focus on the education market and have a combined market capitalization of around \$18 billion. Monroe College, while privately held, is an expanding member of this profitable and valuable corporate segment. While post recognizes that this represents a non-traditional nomination, we believe it showcases America's leadership in a critical area of the services sector.

13. (SBU) Responses to requested information.

A) Are there possible negatives or risks of U.S. embarrassment that could result from the potential selection of your post's nominee?

No.

B) Do you have any information concerning job creation in the United States resulting from the operations of the company you nominated?

The expansion into St. Lucia resulted in increased hiring of faculty and administrative staff to handle the increased student population. Monroe has five employees from the U.S. based at the St. Lucia campus. In addition, furniture, computers, printed materials, and all textbooks come from the U.S.

C) What is your assessment of the company's trade and investment activities with regard to helping stimulate economic growth in the U.S. and increasing American exports (what is the U.S. content of its products)?

Education is classified as a service, and when provided to a foreign customer is an export for trade purposes. Monroe College provides exports through the foreign students attending Monroe College in New York and those attending the branch campus in St. Lucia. This export is 100 percent U.S. content.

D) What is the state of labor conditions in the company's facilities and are workers unionized?

Employees are paid above the local wage and have not unionized. All employees receive vacation, personal and sick days, with life insurance at three times their salary fully funded by the college. Employees also receive annual bonuses and annual salary increases of three to six percent, based on job performance.

E) Are you aware of any litigation pending in local courts involving the company?

No.

F) Please confirm that the Chief of Mission and others involved in the nominating process do not hold shares of stock or have other financial interests in the company.

No persons involved in the nominating process have any financial interests in the company.

HARDT